

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

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R 132145Z MAY 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 176

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: TARIFF PREFERENCES FOR CHAYOTE

1. A LOCAL PRODUCER OF CHAYOTE, A BLAND SQUASH-LIKE VEGETABLE EXPORTED TO THE U.S. MAINLY FOR CONSUMPTION BY PUERTO RICANS, HAS CONTACTED THE EMBASSY TO SEEK INFORMATION AS TO WHETHER CHAYOTE WILL BE ELIGIBLE FOR PREFERENCE UNDER THE U.S. TRADE ACT OF 1974. THE INQUIRY CAME FROM FLETCHER HATCH, OWNER OF THE FINCA UJARAZ, WHICH PRODUCES SOME 400 BOXES OF CHAYOTE PER WEEK, AND THE COMPANIA EXPORTADORA PACO S.A. WHICH EXPORTS THIS PRODUCTION PLUS AN ADDITIONAL 400 BOXES PURCHASED FROM OTHER SUPPLIERS.

2. MR. HATCH EXPLAINED THAT WITH CHAYOTE SELLING BETWEEN \$7.25 AND \$10.00 PER 40-POUND BOX, THE 75 CENT PER BOX DUTY REPRESENTS A SIGNIFICANT ITEM. HE IS VERY HOPEFUL THAT THE DUTY WILL BE REMOVED UNDER THE PREFERENCE SYSTEM.

3. EMBOFF EXPLAINED TO MR. HATCH THE PROVISIONS OF SECTION 504 OF THE ACT WHICH WOULD SEEM TO PRECLUDE PREFERENCE IF COSTA RICA SUPPLIES MORE THAN 50 PERCENT OF U.S. IMPORTS OF CHAYOTE, AS WE BELIEVE IT DOES. EMBOFF TOLD HIM THAT IT MIGHT

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BE POSSIBLE TO ACCORD PREFERENCE IF IT TURNSNYUT THAT THE

PRODUCT IS ONE THAT IS NOT PRODUCED IN THE U.S. MR. HATCH ASKED WHETHER, IF CHAYOTE IS PRODUCED IN THE U.S., IT WOULD NOT NEVERTHELESS BE POSSIBLE TO ACCORD PREFERENCE TO COSTA RICAN PRODUCTION DURING THOSE TIMES OF THE YEAR WHEN PRODUCTION FROM THE U.S. IS NOT AVAILABLE. HE SAID THAT GROWING CONDITIONS ARE SUCH IN THE U.S. THAT THERE COULD ONLY BE A VERY SHORT SEASON DURING WHICH THE VEGETABLE COULD BE PRODUCED DOMESTICALLY.

4. THE EMBASSY KNOWS THAT THE COSTA RICAN MINISTRY OF ECONOMY IS AWARE OF AND CONCERNED ABOUT THE CHAYOTE PROBLEM BECAUSE A MINISTRY OFFICIAL RAISED IT IN AN INFORMAL DISCUSSION OF THE TRADE ACT WITH EMBOFFS.

5. ACTION REQUESTED. AS ELIMINATION OF THE DUTY WOULD APPEAR TO BE IN THE INTEREST NOT ONLY OF COSTA RICAN PRODUCERS AND THE COSTA RICAN GOVERNMENT, BUT ALSO OF U.S. CONSUMERS WHO CAN ONLY EXPECT TO RECEIVE MARGINAL SUPPLIES FROM U.S. DOMESTIC SOURCES, THE EMBASSY HOPES THAT IT WILL BE POSSIBLE TO ELIMINATE THE DUTY EITHER PERMANENTLY OR AT LEAST SEASONALLY. TODMAN

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